

HOUSE BILL No. 1128

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-3-21-11; IC 5-32.

Synopsis: Indiana defense development corporation. Establishes the Indiana defense development corporation (IDDC) and the Indiana defense industry promotion fund. Specifies the corporation's membership, powers, and duties. Requires the military base planning council to identify opportunities for collaboration with the IDDC. Makes an appropriation.

Effective: July 1, 2008.

Welch, Koch, Tinch

January 8, 2008, read first time and referred to Committee on Small Business and Economic Development.

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Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1128

A BILL FOR AN ACT to amend the Indiana Code concerning economic development and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 4-3-21-11, AS ADDED BY P.L.203-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 11. The council shall do the following:

(1) Identify the public infrastructure and other community support necessary:

(A) to improve mission efficiencies; and

(B) for the development and expansion; of military bases in Indiana.

(2) Identify existing and potential impacts of encroachment on military bases in Indiana.

(3) Identify potential state and local government actions that can:

(A) minimize the impacts of encroachment on; and

(B) enhance the long term potential of; military bases.

(4) Identify opportunities for collaboration among:

(A) the Indiana defense development corporation;

~~(A)~~ **(B) the state, including the military department of the**

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- 1 state;
- 2 ~~(B)~~ (C) political subdivisions;
- 3 ~~(C)~~ (D) military contractors; and
- 4 ~~(D)~~ (E) academic institutions;
- 5 to enhance the economic potential of military bases and the
- 6 economic benefits of military bases to the state.
- 7 (5) Review state policies, including funding and legislation, to
- 8 identify actions necessary to prepare for the United States
- 9 Department of Defense Efficient Facilities Initiative scheduled to
- 10 begin in 2005.
- 11 (6) Study how governmental entities outside Indiana have
- 12 addressed issues regarding encroachment and partnership
- 13 formation described in this section.
- 14 (7) With respect to a multicounty federal military base under
- 15 IC 36-7-30.5:
- 16 (A) vote to require the establishment of the development
- 17 authority under IC 36-7-30.5, if necessary; and
- 18 (B) advise and submit recommendations to a development
- 19 authority board appointed under IC 36-7-30.5.
- 20 SECTION 2. IC 5-32 IS ADDED TO THE INDIANA CODE AS A
- 21 NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
- 22 2008]:
- 23 **ARTICLE 32. INDIANA DEFENSE DEVELOPMENT**
- 24 **CORPORATION**
- 25 **Chapter 1. Purpose**
- 26 **Sec. 1. (a) It is the intent of the general assembly to improve the**
- 27 **quality of life for the citizens of Indiana by encouraging the:**
- 28 **(1) diversification, development, and growth of the defense**
- 29 **industry sector of the Indiana economy;**
- 30 **(2) creation of new defense industry jobs;**
- 31 **(3) retention of existing defense industry jobs;**
- 32 **(4) growth of existing defense related industry in Indiana; and**
- 33 **(5) promotion of military facilities in Indiana.**
- 34 **(b) The general assembly finds the following:**
- 35 **(1) Certain activities associated with the functions listed in**
- 36 **subsection (a) may not work properly with the traditional**
- 37 **responsibilities and activities of state agencies.**
- 38 **(2) The functions listed in subsection (a) can be achieved most**
- 39 **efficiently by a body politic and corporate that:**
- 40 **(A) serves the interests of the state by carrying out the**
- 41 **programs set forth in this article;**
- 42 **(B) is free from certain administrative restrictions that**

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would hinder its performance; and

(C) possesses broad powers designed to maximize the state's economic development efforts.

(3) The corporation established by this article will:

(A) lead the state's defense industry development efforts;

(B) carry out the programs required by this article; and

(C) perform other essential public services for the state.

(4) In return for the corporation's efforts to carry out the functions listed in subsection (a), the general assembly should appropriate state funds to the corporation.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Board" refers to the board of the corporation established under IC 5-32-4.

Sec. 3. Except as otherwise provided, "corporation" refers to the Indiana defense development corporation established by IC 5-32-3-1.

Sec. 4. "Defense business" refers to any business engaged in at least one (1) of the following:

(1) Providing property or services to the Indiana National Guard or the United States Department of Defense.

(2) Commercializing any technology developed at a military base or a research facility operated by the United States Department of Defense.

(3) Providing property or services to an entity described in subdivision (1) or (2).

(4) A business relationship with any other state or federal agency to:

(A) commercialize technology developed by the agency; or

(B) provide property or services to the agency;

if the corporation determines that the activity is reasonably related to national defense.

Chapter 3. Indiana Defense Development Corporation

Sec. 1. The Indiana defense development corporation is established.

Sec. 2. (a) The corporation is a body politic and corporate, not a state agency but an independent instrumentality exercising essential public functions.

(b) The corporation and the corporation's funds, accounts, and financial affairs shall be examined biennially by the state board of accounts under IC 5-11.

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1 **Sec. 3. Employees of the corporation are not employees of the**
 2 **state.**

3 **Chapter 4. Corporation Board**

4 **Sec. 1. The corporation shall be governed by a board.**

5 **Sec. 2. (a) The board is composed of the following twelve (12)**
 6 **members, none of whom may be members of the general assembly:**

7 (1) The director of the office of energy and defense
 8 development.

9 (2) The president of the Indiana economic development
 10 corporation.

11 (3) The president of Indiana University or the president's
 12 designee.

13 (4) The president of Purdue University or the president's
 14 designee.

15 (5) Two (2) members appointed by the speaker of the house of
 16 representatives.

17 (6) Two (2) members appointed by the minority leader of the
 18 house of representatives.

19 (7) Two (2) members appointed by the president pro tempore
 20 of the senate.

21 (8) Two (2) members appointed by the minority leader of the
 22 senate.

23 **(b) A member appointed by a member of the general assembly**
 24 **must have knowledge and experience in one (1) or more of the**
 25 **following:**

26 (1) The commercialization of research and development.

27 (2) Technology transfers.

28 (3) Venture capital.

29 (4) Military or government procurement.

30 (5) High technology business operations (as defined in
 31 IC 5-28-15-1).

32 (6) The organization, internal capabilities, operations, and
 33 material requirements of the United States Department of
 34 Defense.

35 **Sec. 3. (a) The term of office of an appointed member of the**
 36 **board is four (4) years.**

37 **(b) Each member holds office for the term of appointment and**
 38 **continues to serve after expiration of the appointment until a**
 39 **successor is appointed and qualified. A member is eligible for**
 40 **reappointment.**

41 **Sec. 4. The board, at the board's first meeting of each year, shall**
 42 **elect from among the board's members a chairperson and other**

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officers necessary to transact business.

Sec. 5. The members of the board are entitled to a salary per diem for attending meetings equal to the per diem provided by law for members of the general assembly. The members of the board are also entitled to receive reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the members' duties as approved by the budget agency.

Sec. 6. Seven (7) members constitute a quorum for the transaction of business. The affirmative vote of at least seven (7) members is necessary for action to be taken by the board. Members may not vote by proxy.

Sec. 7. Meetings of the board shall be held at the call of the chairperson or whenever any six (6) voting members request a meeting. The members shall meet at least once every three (3) months to attend to the business of the board.

Chapter 5. General Powers

Sec. 1. The corporation shall carry out the duties assigned to the corporation under this article in conformity with the laws enacted by the general assembly.

Sec. 2. The corporation is granted all powers necessary or appropriate to carry out the corporation's public and corporate purposes under this chapter.

Sec. 3. (a) Subject to approval by the budget agency, the corporation may, without the approval of the attorney general, employ legal counsel, technical experts, and other officers, agents, and employees, permanent or temporary, the corporation considers necessary to carry out the efficient operation of the corporation.

(b) Subject to approval by the budget agency, the corporation may enter into contracts without the approval of the attorney general.

Sec. 4. (a) The corporation shall determine qualifications, duties, compensation, and terms of service for persons employed by the corporation as employees or as independent contractors.

(b) The board may adopt a resolution providing that the corporation's employees who are eligible to participate in the public employees' retirement fund under the eligibility requirements set forth in IC 5-10.2 and IC 5-10.3 shall participate in the fund.

(c) The board may adopt a resolution to allow the corporation's employees to participate in group insurance and other benefit

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plans, including the state employees' deferred compensation plan, that are available to state employees.

Sec. 5. The board and the employees of the corporation are:

- (1) under the jurisdiction of and subject to rules adopted by the state ethics commission; and
- (2) subject to ethics rules and requirements that apply to the executive branch of state government.

However, the board may adopt additional ethics rules and requirements that are more stringent than those adopted by the state ethics commission.

Sec. 6. For purposes of IC 34-13-2, IC 34-13-3, and IC 34-13-4, the board and the employees of the corporation are public employees (as defined in IC 34-6-2-38).

Sec. 7. The board shall adopt rules under IC 4-22-2 to carry out the corporation's duties under this article. The board may also adopt emergency rules under IC 4-22-2-37.1 to carry out its duties under this article.

Sec. 8. Except as specifically provided by law, the corporation and the board are subject to IC 5-14-1.5 and IC 5-14-3.

Sec. 9. An employee of the corporation is entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the employee's duties as approved by the budget agency.

Sec. 10. The corporation may request appropriations from the general assembly to carry out the corporation's duties under this article.

Sec. 11. (a) The Indiana defense industry promotion fund is established within the state treasury.

(b) Except as provided in section 12 of this chapter, the corporation shall deposit the following in the fund:

- (1) All funding received from the private sector under IC 5-32-6-1(7).
- (2) All other gifts, donations, bequests, devises, and contributions received by the corporation.

(c) The corporation shall administer the fund. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) Except as provided in the terms of a gift, donation,

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1 contribution, bequest, devise, or another private sector funding,
 2 money in the fund may be used at the discretion of the board to
 3 carry out in any manner the corporation's purposes under this
 4 article.

5 (f) Money in the fund may be transferred to any fund
 6 administered by the corporation.

7 (g) Money in the fund is continuously appropriated to the
 8 corporation for the purposes of this article.

9 Sec. 12. (a) Notwithstanding section 11 of this chapter, the board
 10 may establish a nonprofit subsidiary corporation to solicit and
 11 accept private sector funding, gifts, donations, bequests, devises,
 12 and contributions.

13 (b) A subsidiary corporation established under this section:

- 14 (1) must use money received under subsection (a) to carry out
 15 in any manner the purposes and programs under this article;
 16 (2) must report to the budget committee each year
 17 concerning:

- 18 (A) the use of money received under subsection (a); and
 19 (B) the balances in any accounts or funds established by
 20 the subsidiary corporation; and

21 (3) may deposit money received under subsection (a) in an
 22 account or fund that is:

- 23 (A) administered by the subsidiary corporation; and
 24 (B) not part of the state treasury.

25 (c) The state board of accounts shall annually audit a subsidiary
 26 corporation established under this section.

27 Sec. 13. The corporation may fix and revise periodically, and
 28 charge and collect, fees and charges that the corporation
 29 determines to be reasonable in connection with:

- 30 (1) the corporation's loans, guarantees, advances, insurance,
 31 commitments, and servicing; and
 32 (2) the use of the corporation's services or facilities.

33 Chapter 6. Duties

34 Sec. 1. The corporation shall do the following:

- 35 (1) Create and regularly update a strategic defense industry
 36 development plan.
 37 (2) Establish strategic benchmarks and performance
 38 measures.
 39 (3) Monitor and report on Indiana's performance in the
 40 development of the defense industry.
 41 (4) Market Indiana defense businesses to businesses
 42 worldwide.

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(5) Educate the United States Congress and the United States Department of Defense on the total defense related capabilities of:

(A) the Indiana defense industry;

(B) the colleges and universities in Indiana; and

(C) the United States Department of Defense and Indiana National Guard facilities in Indiana.

(6) Assist Indiana defense businesses that want to grow.

(7) Solicit funding from the private sector for selected defense industry initiatives.

(8) Evaluate and analyze the development of the defense industry in Indiana to determine the direction of future public and private actions, and report and make recommendations to the general assembly in an electronic format under IC 5-14-6.

Sec. 2. (a) The corporation shall develop and promote programs designed to make the best use of Indiana resources to ensure the development of the defense industry in Indiana and, for those purposes, may do the following:

(1) Cooperate with federal, state, and local governments and agencies in the coordination of programs to make the best use of Indiana resources.

(2) Receive and expend funds, grants, gifts, and contributions of money, property, labor, interest accrued from loans made by the corporation, and other things of value from public and private sources, including grants from agencies and instrumentalities of the state and the federal government. The corporation:

(A) may accept federal grants for providing planning assistance, making grants, or providing other services or functions necessary to political subdivisions, planning commissions, or other public or private organizations;

(B) shall administer these grants in accordance with the terms of the grants; and

(C) may contract with political subdivisions, planning commissions, or other public or private organizations to carry out the purposes for which the grants were made.

(3) Direct that assistance, information, and advice regarding the duties and functions of the corporation be given to the corporation by an officer, agent, or employee of the executive branch of the state. The head of any other state department or agency may assign one (1) or more of the department's or

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agency's employees to the corporation on a temporary basis or may direct a division or an agency under the department's or agency's supervision and control to make a special study or survey requested by the corporation.

(b) The corporation shall perform the following duties:

(1) Assist businesses and industries in acquiring, improving, and developing business with the United States Department of Defense and encourage military supplier locations in Indiana. The corporation, with the approval of the governor, may establish offices near the nation's capital or any military facility to assist in this function.

(2) Cooperate with federal, state, and local governments and agencies, including the military base planning council established by IC 4-3-21-3, in the coordination of programs to make the best use of Indiana resources in the development of the defense industry in Indiana.

(3) With the approval of the governor, implement any federal programs delegated to the state to carry out the purposes of this article.

(4) Promote the growth of small businesses by doing the following:

(A) Assisting small businesses in obtaining and preparing the permits required to engage in business with the Indiana National Guard and the United States Department of Defense.

(B) Serving as a liaison between small businesses and the Indiana National Guard and the United States Department of Defense.

(5) Enter into a partnership intermediary agreement with the technology transfer office of any research and development facility operated by the United States Department of Defense.

(6) Cooperate with the Indiana National Guard, the department of natural resources, the Indiana finance authority, and the United States Department of Defense in a study to determine the state actions necessary to construct facilities to meet the training needs of the United States armed forces at Camp Atterbury and other military facilities located in Indiana.

(c) The corporation may do the following:

(1) Disseminate information concerning the industrial, commercial, governmental, educational, cultural, recreational, agricultural, and other advantages of the areas

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- 1 surrounding state and federal military facilities located in
- 2 Indiana.
- 3 (2) Plan, direct, and conduct research activities related to the
- 4 development of the defense industry in Indiana.
- 5 (3) Assist in community economic development planning and
- 6 the implementation of programs designed to further
- 7 community economic development in the areas surrounding
- 8 state and federal military facilities located in Indiana.

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